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February 18, 2005

Mary L. Cottrell, Secretary  
Department of Telecommunication and Energy  
One South Station, 2<sup>nd</sup> Floor  
Boston, MA 02110

Re: D.T.E. 04-70 — Petition of Boston Edison Company and Commonwealth Electric Company d/b/a NSTAR Electric for Approvals Relating to the Issuance of Rate Reduction Bonds Pursuant to G.L. c. 164, § 1H

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Dear Secretary Cottrell:

As provided for in the Financing Order issued by the Department of Telecommunications and Energy (the "Department") in the above-referenced proceeding, enclosed please find a copy of the Issuance Advice Letter for each of Boston Edison Company ("Boston Edison") and Commonwealth Electric Company ("Commonwealth") prepared in connection with the issuance of their Rate Reduction Bonds. As set forth in the Issuance Advice Letters, the principal amount of the bond issuance will be \$674.5 million and will be issued in four classes. BEC Funding II, LLC will issue \$265.5 million of notes and CEC Funding, LLC will issue \$409 million of notes. The bonds (and the notes) will have coupon rates between 3.40 percent and 4.40 percent and, as set forth in Attachment 3, have expected final maturity dates between September 15, 2006 and March 15, 2013.

The initial RTC Charges will be approximately 1.78¢/kilowatt-hour ("kWh") for Commonwealth and 0.3256¢/kWh for Boston Edison. The input values for the RTC Charge are set forth in Table 1 of the respective Issuance Advice Letters. It is expected that the issuance of these bonds will produce ratepayer savings of approximately \$83 million in the case of Boston Edison and \$40 million in the case of Commonwealth, as set forth in Attachment 4 to the respective Issuance Advice Letters.

Please note that Page 1 of Attachment 4 of each Issuance Advice Letter,<sup>1</sup> which summarizes the securitization and savings amounts, contains some proprietary and

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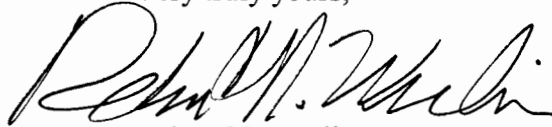
<sup>1</sup> Attachment 4 of each of the Issuance Advice Letters are identical to one another.

Letter to Secretary Cottrell  
February 18, 2005  
Page 2

confidential information. That information has been redacted in the enclosed filing, but the complete, unredacted page is being provided to the Hearing Officer.

Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert N. Werlin". The signature is fluid and cursive, with the first name "Robert" being the most prominent part.

Robert N. Werlin

Enclosures

cc: Service List  
Joan Foster Evans, Hearing Officer  
David A. Fine, Esq.

## ISSUANCE ADVICE LETTER

(Boston Edison Company)

February 18, 2005

ADVICE DTE 04-70

### DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY (THE "DEPARTMENT") OF THE COMMONWEALTH OF MASSACHUSETTS

**SUBJECT:** Issuance Advice Letter for Electric Rate Reduction Bonds ("RRBs"). Pursuant to D.T.E. 04-70 (the "Financing Order"), Boston Edison Company ("Boston Edison" or the "Company") hereby transmits for filing, on or about the pricing date of the RRBs, the initial RTC Charge for the Company relating to the RRBs.<sup>1</sup> This Issuance Advice Letter is for the RRB series Massachusetts RRB Special Purpose Trust 2005-1 Rate Reduction Certificates classes A-1, A-2, A-3 and A-4. Any capitalized terms not defined herein shall have the meanings ascribed thereto in the Financing Order.

#### PURPOSE

This filing establishes the following:

- (a) the actual terms of the RRBs and Debt Securities being issued;
- (b) confirmation of ratepayer savings;
- (c) the initial RTC Charge for the Company's retail users;
- (d) the identification of the Transition Property to be sold to a special purpose entity (the "SPE"); and
- (e) the identification of the SPE;

#### BACKGROUND

In the Financing Order, the Department authorized each of Boston Edison Company and Commonwealth Electric Company to file an Issuance Advice Letter when pricing terms for a series of RRBs have been established. This Issuance Advice Letter filing incorporates the

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<sup>1</sup> As authorized in D.T.E. 04-70, the RTC Charge and Transition Property of both Boston Edison and Commonwealth Electric Company will support a single issue of RRBs. The terms of the RRBs established and authorized in this Issuance Advice Letter are the same for Boston Edison and Commonwealth Electric.

methodology for determining the RTC Charge approved and authorized by the Department in the Financing Order to establish the initial RTC Charge for a series of RRBs and establishes the initial RTC Charge to be assessed and collected from all classes of retail users of the Company's distribution system within the geographic service territory as in effect on July 1, 1997, whether or not energy is purchased from the Company or any third party generation supplier, and whether or not such distribution system is being operated by the Company or a successor distribution company. The RTC Charge is a usage-based component of the transition charge on each retail user's monthly bill, and may include in the future a component of any exit charge collected pursuant to G.L. c. 164, § 1G(g) until the Total Payment Requirements of the Company's SPE are discharged in full.

## **ACTUAL TERMS OF ISSUANCE**

RRB Name: Massachusetts RRB Special Purpose Trust 2005-1 Rate Reduction Certificates.

RRB Issuer: Massachusetts RRB Special Purpose Trust 2005-1

RRB Trustee: The Bank of New York, as Certificate Trustee

Note Trustee: The Bank of New York, as Note Trustee

Closing Date: March 1, 2005

Bond Rating: AAA/Aaa (S&P / Moody's)

Amount Issued: \$674,500,000

Amount Allocable to  
the Company (amount  
of the SPE's Debt Securities): \$265,500,000

Transaction costs of issuance (the Company only): See Attachment 1

Ongoing transaction costs (the Company only): See Attachment 2

Coupon Rate(s): Class A-1: 3.40%; Class A-2: 3.78%;  
Class A-3: 4.13%; Class A-4: 4.40%

Call Features: 5% clean-up call only

Massachusetts Tax Exempt (yes/no): Personal income tax exempt only

Expected Principal Amortization  
Schedule of the Debt Securities: See Attachment 3

Expected Final Maturity: Class A-1: 9/15/2006; Class A-2: 9/15/2008;  
Class A-3: 9/15/2011; Class A-4: 3/15/2013

Legal Final Maturity: Class A-1: 9/15/2008; Class A-2: 9/15/2010;  
Class A-3: 9/15/2013; Class A-4: 3/15/2015

Distributions to Investors (quarterly or semi-annually): Semi-annually

Annual Servicing Fee as a  
percent of the initial Debt  
Securities principal balance: 0.05%

Overcollateralization amount

for the Debt Securities:      0.5% of initial principal  
balance of notes, or \$1,327,500

#### Confirmation of Ratepayer Savings

The Financing Order requires the Company to demonstrate, using the savings methodology approved in D.T.E. 04-70, that the actual terms of the RRB Transaction result in net savings to the Company's customers. Attached to this Issuance Advice Letter is a spreadsheet calculation which shows expected net savings of \$83.0 million for the Company's allocable portion of this series of RRBs. See Attachment 4.

#### Initial RTC Charge

Table I below shows the current assumptions for each of the variables used in the Company's RTC Charge calculation.

TABLE I  
INPUT VALUES FOR RTC CHARGES

Forecasted annual retail kWh sales: 15,554,948,463

Percent of billed amounts expected to be charged-off: 0.580% per annum

Weighted average days sales outstanding: 41

Forecasted annual ongoing transaction expenses<sup>2</sup>: \$198,759

Required annual overcollateralization amount (the Company only): \$165,938

Current SPE Debt Securities outstanding balance (the Company only): \$265,500,000

Expected SPE Debt Securities outstanding balance (the Company only) as of 3/15/2006:  
\$232,312,500

The initial RTC Charge calculated for retail users is as follows: 0.3256 ¢/kWh

Transition Property

Transition Property is the property described in G.L. c. 164, § 1H(a) relating to the RTC Charge set forth herein, including, without limitation, the right, title, and interest in and to all revenues, collections, claims, payments, money, or proceeds of or arising from or constituting (a) the reimbursable transition costs amounts established by the Financing Order including such amounts established in the Issuance Advice Letter, (b) the RTC Charge authorized by the Financing Order including the initial RTC Charge set forth in the Issuance Advice Letter, as may be adjusted from time to time in order to generate amounts sufficient to discharge the Total Payment Requirements of the SPE, and (c) all rights to obtain periodic adjustments and non-routine adjustments to the RTC Charge.

This RTC Charge, as adjusted from time to time, shall remain in place until the SPE's Total Payment Requirements are discharged in full.

Identification of SPE

The owner of the Transition Property (the "SPE") will be: BEC Funding II, LLC  
The SPE shall be considered a financing entity for purposes of G.L. c. 164, § 1H.

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<sup>2</sup> On-going transaction expenses pro-rated for the initial interest period, which commences on the closing date (3/1/05) and ends on the first payment date (9/15/05).

#### EFFECTIVE DATE

In accordance with the Financing Order, the RTC Charge shall be automatically effective when filed and will continue to be effective, unless it is changed by subsequent Issuance Advice Letter, True-Up Advice Letter, or Non-Routine True-Up Advice Letter.

#### NOTICE

Copies of this filing are being furnished to the parties on the attached service list. Notice to the public is hereby given by filing and keeping this filing open for public inspection at the Company's corporate headquarters.

Enclosures



ATTACHMENT 1  
TRANSACTION COSTS OF ISSUANCE

	<u>Total</u>	<u>Commonwealth</u>	<u>Boston Edison</u>
Underwriting spread	2,853,140	1,730,073	1,123,067
Rating agency fees	637,250	386,413	250,837
<i>Accounting fees</i>	100,000	60,638	39,362
SEC registration fee	79,398	48,109	31,289
D.T.E. filing fee (\$750 for first million plus \$50 for each additional million)	101,775	61,714	40,061
<i>Printing and marketing expenses</i>	100,000	60,638	39,362
Trustee fees and counsel	35,000	21,223	13,777
<i>Legal fees and expenses*</i>	2,000,000	1,212,750	787,250
Agency fees	200,000	121,275	78,725
Original issue discount	82,264	49,883	32,381
Lender consent fees**	210,300	210,300	0
Day Loan	18,736	11,361	7,375
<i>Miscellaneous costs</i>	94,890	57,535	37,355
Total transaction costs of issuance	6,512,753	4,031,912	2,480,841

\* Includes: \$400,000 for underwriters' counsel, \$339,000 for bond counsel and special Agencies' counsel; \$1,261,000 for the Companies' corporate and regulatory counsel.

\*\* Applicable only to Commonwealth.

Italics indicates estimate.

## ATTACHMENT 2

### ONGOING TRANSACTION COSTS (ANNUAL)

<u>Ongoing Costs</u>	<u>Total</u>	<u>Commonwealth</u>	<u>Boston Edison</u>
Administration fee	75,000	45,478	29,522
Rating agency fees	7,500	4,548	2,952
Trustee Fees	20,000	12,128	7,872
Accounting/legal fees	20,000	12,128	7,872
Servicing fee (approximately .05% of initial principal balance)[*]	337,250	204,500	132,750
Overcollateralization amount	421,563	255,625	165,938
Miscellaneous[**]	25,000	15,159	9,841
Total estimated costs	906,313	549,565	356,747

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[\*] These costs will include: Billing, collecting and remitting the RTC Charges; calculating daily amount of remittances to the Note Trustee; Wire transfers of daily remittances to the Note Trustee; preparation of monthly services reports for Note Trustee and rating agencies; preparing semi-annual servicer report for Trustee; managing and investing the various SPE cash accounts; reflecting all transactions on the financial statements; performing periodic reconciliations with the trustee; performing annual true-up and adjusting RTC Charge, as necessary; and maintaining memorandum account, if any.

[\*\*] These costs would include any contingent liabilities arising in connection with indemnity provisions in the RRB Transaction documents to which the Company is a party.

# ATTACHMENT 3

## EXPECTED AMORTIZATION SCHEDULE

(Debt Securities)

Date	Class A-1 Balance	Class A-2 Balance	Class A-3 Balance	Class A-4 Balance
3/1/2005	\$42,997,000	\$60,978,000	\$104,619,000	\$56,906,000
9/15/2005	\$29,988,013	\$60,978,000	\$104,619,000	\$56,906,000
3/15/2006	\$9,809,500	\$60,978,000	\$104,619,000	\$56,906,000
9/15/2006	\$0	\$53,754,457	\$104,619,000	\$56,906,000
3/15/2007	\$0	\$37,600,000	\$104,619,000	\$56,906,000
9/15/2007	\$0	\$21,525,287	\$104,619,000	\$56,906,000
3/15/2008	\$0	\$4,412,500	\$104,619,000	\$56,906,000
9/15/2008	\$0	\$0	\$92,736,156	\$56,906,000
3/15/2009	\$0	\$0	\$75,844,000	\$56,906,000
9/15/2009	\$0	\$0	\$59,592,017	\$56,906,000
3/15/2010	\$0	\$0	\$42,656,500	\$56,906,000
9/15/2010	\$0	\$0	\$26,380,750	\$56,906,000
3/15/2011	\$0	\$0	\$9,469,000	\$56,906,000
9/15/2011	\$0	\$0	\$0	\$50,095,293
3/15/2012	\$0	\$0	\$0	\$33,187,500
9/15/2012	\$0	\$0	\$0	\$16,894,233
3/15/2013	\$0	\$0	\$0	\$0

**REDACTED**  
**ATTACHMENT 4**

D.T.E. 04-70  
Attachment RR-DTE-2 (Update)  
Exhibit NSTAR-GOL-1

**SECURITIZATION AMOUNTS AND SECURITIZATION SAVINGS (000,000)**

Col.A  Securitization Amount Savings	<b>Boston Edison MASSPOWER</b> Col.B	<b>Commonwealth</b>				<b>NSTAR Total</b> Col.G
	<b>REDACTED</b> \$83.0	<b>MASSPOWER</b> Col.C	<b>Dartmouth</b> Col.D	<b>Deferral</b> Col.E	<b>Total</b> Col.F	
		<b>REDACTED</b> \$8.7	<b>REDACTED</b> \$15.3	<b>\$139.4</b> <b>\$15.8</b>	<b>\$409.0</b> <b>\$39.8</b>	<b>\$674.5</b> <b>\$122.8</b>

<b>References</b>  Securitization amount  Savings amount	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G
	D.T.E. 04-61, RR-DTE-1 (Second Supplemental) Att. RR-DTE-1(d) (Update3), page 1, line 10	D.T.E. 04-61, RR-DTE-1 (Second Supplemental) Att. RR-DTE-1(d) (Update3), page 1, line 10	D.T.E. 04-78, Exh. NSTAR-GOL-2 (Update), page 1, line 10	D.T.E. 04-70, Exh. NSTAR-COM-GOL-1 (Update) page 1, line 10	Col C plus D plus E	Col B plus Col. F
	D.T.E. 04-61, RR-DTE-1 (Second Supplemental) Att. RR-DTE-1(e) (Update3)	D.T.E. 04-61, RR-DTE-1 (Second Supplemental) Att. RR-DTE-1(h) (Update3)	D.T.E. 04-78, RR-AG-1 Att. RR-AG-1(d) (Update)	D.T.E. 04-70, Exh. NSTAR-COM-GOL-2 (Update)	Col C plus D plus E	Col B plus Col. F

**REDACTED**

# ATTACHMENT 4

Year	Exh. NSTAR- BEC-GOL-3 (Update2) Revenues	Exh. NSTAR- BEC-GOL-4 (Update3) Revenues	Customer Savings
2004	\$ 284.4	\$ 284.4	\$ -
2005	366.6	356.4	10.2
2006	322.4	319.5	2.9
2007	322.9	317.3	5.6
2008	276.0	269.2	6.8
2009	274.2	264.2	10.0
2010	217.7	206.3	11.4
2011	167.1	153.0	14.1
2012	86.9	70.1	16.8
2013	86.4	38.5	47.9
2014	30.5	30.5	-
2015	28.7	28.7	-
2016	20.3	20.3	-
Total	\$ 2,484.1	\$ 2,358.5	\$ 125.6
6.61%	\$ 1,986.5	\$ 1,903.6	\$ 83.0
Present Value of Savings			
at After Tax Discount Rate in Settlement Agreement			
page 254			

# ATTACHMENT 4

COMMONWEALTH ELECTRIC COMPANY						
Year	Update2	Update2	Masspower		Customer	
	Base	Case	Revenues	Buyout	Revenues	Savings
2004	\$ 74.654		\$ 74.654	\$ -	\$ -	
2005	174.902		174.902	\$ -		
2006	178.400		178.360	\$ 0.040		
2007	144.195		99.893	\$ 44.303		
2008	100.361		95.857	\$ 4.504		
2009	77.713		89.279	\$ (11.566)		
2010	77.202		88.690	\$ (11.488)		
2011	76.942		88.250	\$ (11.308)		
2012	77.939		88.868	\$ (10.929)		
2013	75.669		80.399	\$ (4.730)		
2014	79.650		79.650	\$ -		
2015	78.668		78.668	\$ -		
2016	60.828		60.828	\$ -		
2017	14.584		14.584	\$ -		
2018	5.357		5.357	\$ -		
2019	5.094		5.094	\$ -		
2020	5.030		5.030	\$ -		
2021	5.321		5.321	\$ -		
2022	2.803		2.803	\$ -		
2023	1.160		1.160	\$ -		
2024	0.404		0.404	\$ -		
2025	0.265		0.265	\$ -		
2026	0.345		0.345	\$ -		
Total	\$ 1,317.487		\$ 1,318.661	\$ (1.174)		
NPV	\$ 904.723		\$ 896.045	\$ 8.678		
Discount Rate	8.200%					
Discounted at Commonwealth After Tax Discount Rate used in the Company's Restructuring Filing						

# ATTACHMENT 4

Year	Dartmouth		
	Base Case Revenues	With Securitization Revenues	Customer Savings
Col. A	Col. B	Col. C	Col. D
2004	\$ 74.654	\$ 74.654	\$ -
2005	\$ 174.902	\$ 174.902	\$ -
2006	\$ 178.400	\$ 178.400	\$ -
2007	\$ 136.079	\$ 149.542	\$ (13.463)
2008	\$ 96.781	\$ 101.753	\$ (4.972)
2009	\$ 74.503	\$ 78.763	\$ (4.260)
2010	\$ 73.099	\$ 77.208	\$ (4.108)
2011	\$ 72.388	\$ 75.912	\$ (3.524)
2012	\$ 72.726	\$ 75.653	\$ (2.927)
2013	\$ 70.467	\$ 52.855	\$ 17.612
2014	\$ 72.638	\$ 51.280	\$ 21.358
2015	\$ 71.890	\$ 50.249	\$ 21.641
2016	\$ 54.529	\$ 33.080	\$ 21.449
2017	\$ 13.368	\$ 5.517	\$ 7.851
2018	\$ 5.357	\$ 5.357	\$ -
2019	\$ 5.094	\$ 5.094	\$ -
2020	\$ 5.030	\$ 5.030	\$ -
2021	\$ 5.321	\$ 5.321	\$ -
2022	\$ 2.803	\$ 2.803	\$ -
2023	\$ 1.160	\$ 1.160	\$ -
2024	\$ 0.404	\$ 0.404	\$ -
2025	\$ 0.265	\$ 0.265	\$ -
2026	\$ 0.345	\$ 0.345	\$ -
Total	\$ 1,262.202	\$ 1,205.547	\$ 56.656
8.200%	\$ 874.104	\$ 858.761	\$ 15.343

Discounted at Commonwealth After Tax Discount Rate  
used in the Company's Restructuring Filing

# ATTACHMENT 4

Year	Base Case		Deferral		Customer Savings
	Col.A	Col.B	Securitization Revenues	Col.C	
		Col.B	Col.C	Col.D	
2004	\$	74.654	\$	74.654	\$ -
2005		174.902		134.405	\$ 40.497
2006		178.400		142.718	\$ 35.681
2007		138.765		134.565	\$ 4.200
2008		98.448		117.120	\$ (18.672)
2009		76.608		94.458	\$ (17.850)
2010		76.096		93.953	\$ (17.857)
2011		75.796		93.246	\$ (17.450)
2012		76.565		93.455	\$ (16.890)
2013		74.217		76.680	\$ (2.463)
2014		76.517		75.990	\$ 0.527
2015		75.539		75.025	\$ 0.514
2016		58.196		57.830	\$ 0.366
2017		14.584		14.138	\$ 0.446
2018		5.357		4.923	\$ 0.434
2019		5.094		4.770	\$ 0.324
2020		5.030		4.612	\$ 0.418
2021		5.321		4.908	\$ 0.413
2022		2.803		2.504	\$ 0.299
2023		1.160		0.755	\$ 0.405
2024		0.404		-	\$ 0.404
2025		0.265		-	\$ 0.265
2026		0.345		-	\$ 0.345
Total	\$	1,295.065	\$	1,300.709	\$ (5.644)
8.200%	\$	891.737	\$	875.972	\$ 15.765

Discounted at Commonwealth After Tax Discount Rate  
used in the Company's Restructuring Filing



ISSUANCE ADVICE LETTER  
(Commonwealth Electric Company)

February 18, 2005

ADVICE DTE 04-70

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY (THE  
“DEPARTMENT”) OF THE COMMONWEALTH OF MASSACHUSETTS

**SUBJECT:** Issuance Advice Letter for Electric Rate Reduction Bonds (“RRBs”). Pursuant to D.T.E. 04-70 (the “Financing Order”), Commonwealth Electric Company (“Commonwealth” or the “Company”) hereby transmits for filing, on or about the pricing date of the RRBs, the initial RTC Charge for the Company relating to the RRBs.<sup>1</sup> This Issuance Advice Letter is for the RRB series Massachusetts RRB Special Purpose Trust 2005-1 Rate Reduction Certificates classes A-1, A-2, A-3 and A-4. Any capitalized terms not defined herein shall have the meanings ascribed thereto in the Financing Order.

**PURPOSE**

This filing establishes the following:

- (a) the actual terms of the RRBs and Debt Securities being issued;
- (b) confirmation of ratepayer savings;
- (c) the initial RTC Charge for the Company’s retail users;
- (d) the identification of the Transition Property to be sold to a special purpose entity (the “SPE”); and
- (e) the identification of the SPE;

**BACKGROUND**

In the Financing Order, the Department authorized each of Boston Edison Company and Commonwealth Electric Company to file an Issuance Advice Letter when

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<sup>1</sup> As authorized in D.T.E. 04-70, the RTC Charge and Transition Property of both Boston Edison and Commonwealth Electric Company will support a single issue of RRBs. The terms of the RRBs established and authorized in this Issuance Advice Letter are the same for Boston Edison and Commonwealth Electric.

pricing terms for a series of RRBs have been established. This Issuance Advice Letter filing incorporates the methodology for determining the RTC Charge approved and authorized by the Department in the Financing Order to establish the initial RTC Charge for a series of RRBs and establishes the initial RTC Charge to be assessed and collected from all classes of retail users of the Company's distribution system within the geographic service territory as in effect on July 1, 1997, whether or not energy is purchased from the Company or any third party generation supplier, and whether or not such distribution system is being operated by the Company or a successor distribution company. The RTC Charge is a usage-based component of the transition charge on each retail user's monthly bill, and may include in the future a component of any exit charge collected pursuant to G.L. c. 164, § 1G(g) until the Total Payment Requirements of the Company's SPE are discharged in full.

## **ACTUAL TERMS OF ISSUANCE**

RRB Name: Massachusetts RRB Special Purpose Trust 2005-1 Rate Reduction Certificates.

RRB Issuer: Massachusetts RRB Special Purpose Trust 2005-1

RRB Trustee: The Bank of New York, as Certificate Trustee

Note Trustee: The Bank of New York, as Note Trustee

Closing Date: March 1, 2005

Bond Rating: AAA/Aaa (S&P / Moody's)

Amount Issued: \$674,500,000

Amount Allocable to  
the Company  
(amount of the  
SPE's Debt  
Securities): \$409,000,000

Transaction costs of issuance (the Company only): See Attachment 1

Ongoing transaction costs (the Company only): See Attachment 2

Coupon Rate(s): Class A-1: 3.40%; Class A-2: 3.78%;  
Class A-3: 4.13%; Class A-4: 4.40%

Call Features: 5% clean-up call only

Massachusetts Tax Exempt (yes/no): Personal income tax exempt only

Expected Principal Amortization  
Schedule of the Debt Securities: See Attachment 3

Expected Final Maturity: Class A-1: 9/15/2006; Class A-2: 9/15/2008;  
Class A-3: 9/15/2011; Class A-4: 3/15/2013

Legal Final Maturity: Class A-1: 9/15/2008; Class A-2: 9/15/2010;  
Class A-3: 9/15/2013; Class A-4: 3/15/2015

Distributions to Investors (quarterly or semi-annually): Semi-annually

Annual Servicing Fee as a percent  
of the initial Debt Securities  
principal balance: 0.05%

Overcollateralization amount  
for the Debt Securities: 0.5% of initial principal  
balance of notes, or \$2,045,000

Confirmation of Ratepayer Savings

The Financing Order requires the Company to demonstrate, using the savings methodology approved in D.T.E. 04-70, that the actual terms of the RRB Transaction result in net savings to the Company's customers. Attached to this Issuance Advice Letter is a spreadsheet calculation which shows expected net savings of \$39.8 million for the Company's allocable portion of this series of RRBs. See Attachment 4.

Initial RTC Charge

Table I below shows the current assumptions for each of the variables used in the Company's RTC Charge calculation.

TABLE I  
INPUT VALUES FOR RTC CHARGES

Forecasted annual retail kWh sales: 4,300,344,874

Percent of billed amounts expected to be charged-off: 0.390% per annum

Weighted average days sales outstanding: 35

Forecasted annual ongoing transaction expenses<sup>2</sup>: \$306,188

Required annual overcollateralization amount (the Company only): \$255,625

Current SPE Debt Securities outstanding balance (the Company only): \$409,000,000

Expected SPE Debt Securities outstanding balance (the Company only) as of 3/15/2006:  
\$357,875,000

The initial RTC Charge calculated for retail users is as follows: 1.7800 ¢/kWh

Transition Property

Transition Property is the property described in G.L. c. 164, § 1H(a) relating to the RTC Charge set forth herein, including, without limitation, the right, title, and interest in and to all revenues, collections, claims, payments, money, or proceeds of or arising from or constituting (a) the reimbursable transition costs amounts established by the Financing Order including such amounts established in the Issuance Advice Letter, (b) the RTC Charge authorized by the Financing Order including the initial RTC Charge set forth in the Issuance Advice Letter, as may be adjusted from time to time in order to generate amounts sufficient to discharge the Total Payment Requirements of the SPE, and (c) all rights to obtain periodic adjustments and non-routine adjustments to the RTC Charge.

This RTC Charge, as adjusted from time to time, shall remain in place until the SPE's Total Payment Requirements are discharged in full.

Identification of SPE

The owner of the Transition Property (the "SPE") will be: CEC Funding, LLC  
The SPE shall be considered a financing entity for purposes of G.L. c. 164, § 1H.

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<sup>2</sup> On-going transaction expenses pro-rated for the initial interest period, which commences on the closing date (3/1/05) and ends on the first payment date (9/15/05).

#### EFFECTIVE DATE

In accordance with the Financing Order, the RTC Charge shall be automatically effective when filed and will continue to be effective, unless it is changed by subsequent Issuance Advice Letter, True-Up Advice Letter, or Non-Routine True-Up Advice Letter.

#### NOTICE

Copies of this filing are being furnished to the parties on the attached service list. Notice to the public is hereby given by filing and keeping this filing open for public inspection at the Company's corporate headquarters.

Enclosures

ATTACHMENT 1  
TRANSACTION COSTS OF ISSUANCE

	<u>Total</u>	<u>Commonwealth</u>	<u>Boston Edison</u>
Underwriting spread	2,853,140	1,730,073	1,123,067
Rating agency fees	637,250	386,413	250,837
<i>Accounting fees</i>	100,000	60,638	39,362
SEC registration fee	79,398	48,109	31,289
D.T.E. filing fee (\$750 for first million plus \$50 for each additional million)	101,775	61,714	40,061
<i>Printing and marketing expenses</i>	100,000	60,638	39,362
Trustee fees and counsel	35,000	21,223	13,777
<i>Legal fees and expenses*</i>	2,000,000	1,212,750	787,250
Agency fees	200,000	121,275	78,725
Original issue discount	82,264	49,883	32,381
Lender consent fees**	210,300	210,300	0
Day Loan	18,736	11,361	7,375
<i>Miscellaneous costs</i>	94,890	57,535	37,355
Total transaction costs of issuance	6,512,753	4,031,912	2,480,841

\* Includes: \$400,000 for underwriters' counsel, \$339,000 for bond counsel and special Agencies' counsel; \$1,261,000 for the Companies' corporate and regulatory counsel.

\* \* Applicable only to Commonwealth.

Italics indicates estimated.

## ATTACHMENT 2

### ONGOING TRANSACTION COSTS (ANNUAL)

<u>Ongoing Costs</u>	<u>Total</u>	<u>Commonwealth</u>	<u>Boston Edison</u>
Administration fee	75,000	45,478	29,522
Rating agency fees	7,500	4,548	2,952
Trustee Fees	20,000	12,128	7,872
Accounting/legal fees	20,000	12,128	7,872
Servicing fee (approximately .05% of initial principal balance)[*]	337,250	204,500	132,750
Overcollateralization amount	421,563	255,625	165,938
Miscellaneous[**]	25,000	15,159	9,841
Total estimated costs	906,313	549,565	356,747

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[\*] These costs will include: Billing, collecting and remitting the RTC Charges; calculating daily amount of remittances to the Note Trustee; Wire transfers of daily remittances to the Note Trustee; preparation of monthly services reports for Note Trustee and rating agencies; preparing semi-annual servicer report for Trustee; managing and investing the various SPE cash accounts; reflecting all transactions on the financial statements; performing periodic reconciliations with the trustee; performing annual true-up and adjusting RTC Charge, as necessary; and maintaining memorandum account, if any.

[\*\*] These costs would include any contingent liabilities arising in connection with indemnity provisions in the RRB Transaction documents to which the Company is a party.



# ATTACHMENT 3

## EXPECTED AMORTIZATION SCHEDULE

(Debt Securities)

Date	Class A-1 Balance	Class A-2 Balance	Class A-3 Balance	Class A-4 Balance
3/1/2005	\$66,237,000	\$93,040,000	\$161,858,000	\$87,865,000
9/15/2005	\$46,237,288	\$93,040,000	\$161,858,000	\$87,865,000
3/15/2006	\$15,112,000	\$93,040,000	\$161,858,000	\$87,865,000
9/15/2006	\$0	\$82,819,405	\$161,858,000	\$87,865,000
3/15/2007	\$0	\$57,027,000	\$161,858,000	\$87,865,000
9/15/2007	\$0	\$32,819,588	\$161,858,000	\$87,865,000
3/15/2008	\$0	\$5,902,000	\$161,858,000	\$87,865,000
9/15/2008	\$0	\$0	\$143,340,375	\$87,865,000
3/15/2009	\$0	\$0	\$116,635,000	\$87,865,000
9/15/2009	\$0	\$0	\$92,226,889	\$87,865,000
3/15/2010	\$0	\$0	\$65,510,000	\$87,865,000
9/15/2010	\$0	\$0	\$41,054,710	\$87,865,000
3/15/2011	\$0	\$0	\$14,385,000	\$87,865,000
9/15/2011	\$0	\$0	\$0	\$77,765,087
3/15/2012	\$0	\$0	\$0	\$51,125,000
9/15/2012	\$0	\$0	\$0	\$26,598,785
3/15/2013	\$0	\$0	\$0	\$0

**REDACTED**  
**ATTACHMENT 4**

D.T.E. 04-70  
Attachment RR-DTE-2 (Update)  
Exhibit NSTAR-GOL-1

**SECURITIZATION AMOUNTS AND SECURITIZATION SAVINGS (000,000)**

Col.A  Securitization Amount Savings	<b>Boston Edison MASSPOWER</b> Col.B	<b>Commonwealth</b>				<b>NSTAR Total</b> Col.G
	<b>REDACTED</b> \$83.0	<b>MASSPOWER</b> Col.C	<b>Dartmouth</b> Col.D	<b>Deferral</b> Col.E	<b>Total</b> Col.F	
		<b>REDACTED</b> \$8.7	<b>REDACTED</b> \$15.3	<b>\$139.4</b> <b>\$15.8</b>	<b>\$409.0</b> <b>\$39.8</b>	<b>\$674.5</b> <b>\$122.8</b>

<b>References</b>  Securitization amount  Savings amount	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G
	D.T.E. 04-61, RR-DTE-1 (Second Supplemental) Att. RR-DTE-1(d) (Update3), page 1, line 10	D.T.E. 04-61, RR-DTE-1 (Second Supplemental) Att. RR-DTE-1(d) (Update3), page 1, line 10	D.T.E. 04-78, Exh. NSTAR-GOL-2 (Update), page 1, line 10	D.T.E. 04-70, Exh. NSTAR-COM-GOL-1 (Update) page 1, line 10	Col C plus D plus E	Col B plus Col. F
	D.T.E. 04-61, RR-DTE-1 (Second Supplemental) Att. RR-DTE-1(e) (Update3)	D.T.E. 04-61, RR-DTE-1 (Second Supplemental) Att. RR-DTE-1(h) (Update3)	D.T.E. 04-78, RR-AG-1 Att. RR-AG-1(d) (Update)	D.T.E. 04-70, Exh. NSTAR-COM-GOL-2 (Update)	Col C plus D plus E	Col B plus Col. F

**REDACTED**

# ATTACHMENT 4

Year	Exh. NSTAR- BEC-GOL-3 (Update2) Revenues	Exh. NSTAR- BEC-GOL-4 (Update3) Revenues	Customer Savings
2004	\$ 284.4	\$ 284.4	\$ -
2005	366.6	356.4	10.2
2006	322.4	319.5	2.9
2007	322.9	317.3	5.6
2008	276.0	269.2	6.8
2009	274.2	264.2	10.0
2010	217.7	206.3	11.4
2011	167.1	153.0	14.1
2012	86.9	70.1	16.8
2013	86.4	38.5	47.9
2014	30.5	30.5	-
2015	28.7	28.7	-
2016	20.3	20.3	-
Total	\$ 2,484.1	\$ 2,358.5	\$ 125.6
6.61%	\$ 1,986.5	\$ 1,903.6	\$ 83.0
Present Value of Savings			
at After Tax Discount Rate in Settlement Agreement			
page 254			

# ATTACHMENT 4

COMMONWEALTH ELECTRIC COMPANY						
Year	Update2	Update2	Masspower		Customer Savings	
	Base	Case	Buyout			
	Revenues	Revenues	Revenues			
2004	\$ 74.654		\$ 74.654	\$ -	\$ -	
2005	174.902		174.902	\$ -	\$ -	
2006	178.400		178.360	\$ 0.040	\$ 0.040	
2007	144.195		99.893	\$ 44.303	\$ 44.303	
2008	100.361		95.857	\$ 4.504	\$ 4.504	
2009	77.713		89.279	\$ (11.566)	\$ (11.566)	
2010	77.202		88.690	\$ (11.488)	\$ (11.488)	
2011	76.942		88.250	\$ (11.308)	\$ (11.308)	
2012	77.939		88.868	\$ (10.929)	\$ (10.929)	
2013	75.669		80.399	\$ (4.730)	\$ (4.730)	
2014	79.650		79.650	\$ -	\$ -	
2015	78.668		78.668	\$ -	\$ -	
2016	60.828		60.828	\$ -	\$ -	
2017	14.584		14.584	\$ -	\$ -	
2018	5.357		5.357	\$ -	\$ -	
2019	5.094		5.094	\$ -	\$ -	
2020	5.030		5.030	\$ -	\$ -	
2021	5.321		5.321	\$ -	\$ -	
2022	2.803		2.803	\$ -	\$ -	
2023	1.160		1.160	\$ -	\$ -	
2024	0.404		0.404	\$ -	\$ -	
2025	0.265		0.265	\$ -	\$ -	
2026	0.345		0.345	\$ -	\$ -	
Total	\$ 1,317.487		\$ 1,318.661	\$ (1.174)	\$ (1.174)	
NPV	\$ 904.723		\$ 896.045	\$ 8.678	\$ 8.678	
Discount Rate	8.200%					
Discounted at Commonwealth After Tax Discount Rate used in the Company's Restructuring Filing						

# ATTACHMENT 4

Year	Dartmouth		
	Base Case Revenues	With Securitization Revenues	Customer Savings
Col. A	Col. B	Col. C	Col. D
2004	\$ 74.654	\$ 74.654	\$ -
2005	\$ 174.902	\$ 174.902	\$ -
2006	\$ 178.400	\$ 178.400	\$ -
2007	\$ 136.079	\$ 149.542	\$ (13.463)
2008	\$ 96.781	\$ 101.753	\$ (4.972)
2009	\$ 74.503	\$ 78.763	\$ (4.260)
2010	\$ 73.099	\$ 77.208	\$ (4.108)
2011	\$ 72.388	\$ 75.912	\$ (3.524)
2012	\$ 72.726	\$ 75.653	\$ (2.927)
2013	\$ 70.467	\$ 52.855	\$ 17.612
2014	\$ 72.638	\$ 51.280	\$ 21.358
2015	\$ 71.890	\$ 50.249	\$ 21.641
2016	\$ 54.529	\$ 33.080	\$ 21.449
2017	\$ 13.368	\$ 5.517	\$ 7.851
2018	\$ 5.357	\$ 5.357	\$ -
2019	\$ 5.094	\$ 5.094	\$ -
2020	\$ 5.030	\$ 5.030	\$ -
2021	\$ 5.321	\$ 5.321	\$ -
2022	\$ 2.803	\$ 2.803	\$ -
2023	\$ 1.160	\$ 1.160	\$ -
2024	\$ 0.404	\$ 0.404	\$ -
2025	\$ 0.265	\$ 0.265	\$ -
2026	\$ 0.345	\$ 0.345	\$ -
Total	\$ 1,262.202	\$ 1,205.547	\$ 56.656
8.200%	\$ 874.104	\$ 858.761	\$ 15.343

Discounted at Commonwealth After Tax Discount Rate  
used in the Company's Restructuring Filing

# ATTACHMENT 4

Year	Base Case Revenues Col.A	Col.B	Deferral Securitization Revenues Col.C	Customer Savings Col.D
2004	\$	74.654	\$ 74.654	\$ -
2005		174.902	134.405	\$ 40.497
2006		178.400	142.718	\$ 35.681
2007		138.765	134.565	\$ 4.200
2008		98.448	117.120	\$ (18.672)
2009		76.608	94.458	\$ (17.850)
2010		76.096	93.953	\$ (17.857)
2011		75.796	93.246	\$ (17.450)
2012		76.565	93.455	\$ (16.890)
2013		74.217	76.680	\$ (2.463)
2014		76.517	75.990	\$ 0.527
2015		75.539	75.025	\$ 0.514
2016		58.196	57.830	\$ 0.366
2017		14.584	14.138	\$ 0.446
2018		5.357	4.923	\$ 0.434
2019		5.094	4.770	\$ 0.324
2020		5.030	4.612	\$ 0.418
2021		5.321	4.908	\$ 0.413
2022		2.803	2.504	\$ 0.299
2023		1.160	0.755	\$ 0.405
2024		0.404	-	\$ 0.404
2025		0.265	-	\$ 0.265
2026		0.345	-	\$ 0.345
Total	\$ 1,295.065		\$ 1,300.709	\$ (5.644)
8.200%	\$ 891.737		\$ 875.972	\$ 15.765

Discounted at Commonwealth After Tax Discount Rate  
used in the Company's Restructuring Filing